



DONALD L. WOLFE, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE

REFER TO FILE: **W-0**

August 10, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**2006 AMENDED AND RESTATED WATER SYSTEM AGREEMENT BETWEEN
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY,
AND PALMDALE HILLS PROPERTY, LLC, FOR WATER SERVICE TO
RITTER RANCH
SUPERVISORIAL DISTRICT 5
3 VOTES**

**IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY
OF THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40,
ANTELOPE VALLEY:**

1. Find that the enclosed 2006 Amended and Restated Water System Agreement (Restated Agreement) will not result in any substantial changes to the 1992 Water System Agreement that would cause new significant effects or a substantial increase in the severity of previously identified significant effects on the environment.
2. Adopt the enclosed Addendum for the Restated Agreement (Addendum) to the Mitigated Negative Declaration approved by your Board on September 22, 1992, for the off-site water system facilities required for the Ritter Ranch Development (Ritter Ranch) and to the Final Environmental Impact Report certified by the City of Palmdale on February 27, 2006.

3. Following the adoption of the Addendum, execute the Restated Agreement between Los Angeles County Waterworks District No. 40, Antelope Valley (District), and Palmdale Hills Property, LLC, owned by SunCal Companies (SunCal), for Ritter Ranch.
4. Following the approval of the Restated Agreement, delegate authority to the Director of Public Works, or his designee, to execute, file, and post a notice of determination.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is for the adoption of the Addendum and for the District and SunCal to amend the Water System Agreement that your Board approved in 1992 (1992 Water System Agreement) between Ritter Park Associates, LLP (Original Developer), then owner of Ritter Ranch, and the District. Ritter Ranch is located within the City of Palmdale and is served by the District.

Implementation of Strategic Plan Goals

This action is consistent with the County Strategic Plan Goal of Fiscal Responsibility since SunCal has agreed to construct water system facilities sized to provide water service to Ritter Ranch and other potential developments located in West Palmdale.

FISCAL IMPACT/FINANCING

This action will have no impact on the County's General Fund.

No District funds will be used to pay for the cost of the proposed water system.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Original Developer entered into the 1992 Water System Agreement in 1992, ran into financial difficulties, and failed to construct the needed water infrastructure for Ritter Ranch and filed for bankruptcy. In 2004, SunCal purchased Ritter Ranch in a bankruptcy auction and claims that the 1992 Water System Agreement was included in the purchase.

The Restated Agreement will allow SunCal to build certain infrastructure changes that are needed for Ritter Ranch. It will also require the payment of new Water Supply Reliability Charges that your Board approved in May 2005. The Restated Agreement

provides for the developer to construct and fund the off-site and on-site water improvements to serve the various phases of Ritter Ranch. The Restated Agreement also allows facilities with excess capacity to be used by other developers. The cost associated with this project will be borne by the developer and other developments that participate in the use of excess capacity. Upon design and approval of the water system facilities and payment of the new Water Supply Reliability Charge, the District will issue will-serve letters to provide water to the various phases of Ritter Ranch. Following construction of these water system facilities, the developer will dedicate these facilities to the District. The District will operate and maintain these facilities upon acceptance.

ENVIRONMENTAL DOCUMENTATION

Under the California Environmental Quality Act (CEQA), prior to entering into the Restated Agreement, your Board must first review the environmental impacts of proposed changes to the water infrastructure from the project that was considered under the 1992 Mitigated Negative Declaration.

The Restated Agreement will not result in any substantial changes to the 1992 Water System Agreement that would implicate new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There has not been any substantial change in circumstances or discovery of any substantial new information regarding the water system facilities' environmental effects or mitigation measures.

Accordingly, we recommend that your Board find, based upon substantial evidence, that this Addendum is appropriate under State CEQA Guidelines, Section 15164, and adopt the Addendum.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

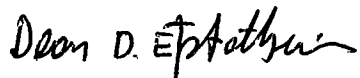
There will be no negative impact on current County services or projects during the performance of the recommended action.

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CONCLUSION

Please return two adopted copies of the Restated Agreement marked LACWWD and SUNCAL and two adopted copies of this letter to Public Works, Waterworks and Sewer Maintenance Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Don D. Wolfe".

DONALD L. WOLFE
Director of Public Works

DDE:plg
BDL2255

Enc.

cc: Chief Administrative Office
County Counsel